

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 1601 - HB 1943**

February 29, 2016

**SUMMARY OF BILL:** Creates a new specialty earmarked license plate for Drug Abuse Resistance Education (D.A.R.E.). Creates the D.A.R.E. account within the state's general fund to be administered by the State Board of Education (SBE). Requires the funds to be used solely for implementing the statewide D.A.R.E. program. Authorizes owners or lessees of motor vehicles who obtain a D.A.R.E. license plate to designate the proceeds be allocated to a particular named school. Requires the SBE to remit the proceeds to the local education agency (LEA) operating the named school. Authorizes the SBE to distribute any undesignated proceeds to the LEA operating the schools that serve the county in which the fees were generated; provided, that the distribution is based on the average daily attendance of the schools.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue -**

**\$4,300/General Fund/FY16-17**

**\$15,300/D.A.R.E. Program/FY16-17**

**\$12,300/Tennessee Arts Commission/FY16-17**

**\$3,100/Highway Fund/FY16-17**

**\$17,500/D.A.R.E. Program/FY17-18 and Subsequent Years**

**\$14,000/Tennessee Arts Commission/FY17-18 and Subsequent Years**

**\$3,500/Highway Fund/FY17-18 and Subsequent Years**

**Increase State Expenditures - \$4,300/General Fund/FY16-17**

**\$105,400/Department of Revenue/FY16-17**

**Assumptions:**

- Pursuant to Tenn. Code Ann. § 55-4-201(h)(1), new specialty earmarked license plates will be subject to a minimum order of at least 1,000 plates prior to initial issuance. Any plate that does not meet the minimum order requirement within one year after passage of the authorizing act will become invalid.
- One thousand new plates will be purchased at \$35 each by individuals that currently do not have a specialty plate resulting in revenue of \$35,000 (1,000 plates at \$35 each).
- One-time production costs of \$4.25 per license plate resulting in one-time state expenditures of \$4,250 (1,000 x \$4.25).
- Net proceeds from the sale of these plates will be allocated as follows: 50 percent to the

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D.A.R.E. Program; 40 percent to the Tennessee Arts Commission; and 10 percent to the state Highway Fund.

- Based on information from the Department of Revenue (DOR), the proposed legislation will require modifications to all data entry screens in all counties; the creation or sharing of a schools table maintained by the Department of Education provided to the DOR through a monthly download; and will require reports and reconciliation of funds collected showing detail information.
- Business Information Systems (BIS) is the vendor currently used by DOR for the Vehicle Title and Registration System (VTRS).
- Based on information provided by BIS, the required changes to the VTRS system will take approximately 680 hours at an average rate of \$155 per hour and will result in a one-time system development cost to DOR of \$105,400 (\$155 x 680) to keep track of the school designation made by the purchaser of the plate.
- Any increase in the workload for the SBE to administer the D.A.R.E. account can be accommodated within existing resources without an increased appropriation or reduced reversion.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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